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BILL NO.: Senate Bill 317
Income Tax - Credit for Energy Efficiency Upgrades -
Passive Houses

COMMITTEE: Budget & Taxation

HEARING DATE: February 8, 2023

SPONSOR: Senators Brooks, West & Sydnor

POSITION: Support

The Office of People's Counsel enthusiastically supports Senate Bill 317's creation of tax credit financing for qualifying "energy efficiency upgrade[s]."

The General Assembly has previously observed that "energy efficiency is among the least expensive ways to meet the growing electricity demands of the State." Md. Code Ann. Pub. Util. § 7-211(b). Energy efficiency is also among the least expensive ways to support the State's ambitious greenhouse gas emissions reduction goals.

Energy efficiency upgrades also benefit residential customers by helping to lower utility bills over the long term. Yet, the upfront cost of completing such upgrades can be a deterrent. Certain rebates and benefits are available through the utility-customer funded EmPOWER program, but the State cannot rely on utility customers alone to finance the energy efficiency needs that are necessitated by the State's climate goals. Financing efficiency measures through rates is regressive—since utility customers pay the same rates regardless of income—compared to financing measures through taxes. Tax credits, such as those proposed in SB 317, thus provide an important additional mechanism for financing State energy policy.

Recommendation: OPC requests a favorable report from the Committee on SB 317.